

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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## MEMORANDUM

TO: Amesbury Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: September 11, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made in equal installments from July to December each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

Although we are approving this schedule, the investment return assumption is outside the range we consider reasonable. The Board maintained the 2018 investment return assumption of 7.75% in this valuation. We indicated in our 2018 approval that we generally recommended an assumption of between 7.25% and 7.40% at that time. For our 2020 valuations, we are generally recommending an assumption of between 6.90% and 7.15%. For comparison, there are 86 systems currently with an assumption of 7.50% or less. Of these, 62 use an assumption of less than 7.50% and 18 use an assumption of less than 7.25%. We expect these numbers to increase as more 2020 valuations are completed.

However, since PERAC is not the actuary for the plan, we will allow the schedule. Note that if PERAC were the actuary for the plan, our report would indicate that we do not believe this assumption is reasonable. We recommend the Board either reconsider this assumption at this time and/or reduce this assumption significantly in the next valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 921.

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## Appropriation Forecast

Fiscal Year	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Unfunded Accrued Liability	Funded Ratio %**
2021	\$1,331,041	\$710,381	\$3,602,001	\$4,312,382	29.0	\$45,601,485	56.6
2022	\$1,395,632	\$726,831	\$4,417,306	\$5,144,137	33.3	\$44,851,539	58.3
2023	\$1,463,261	\$743,460	\$4,595,602	\$5,339,062	33.2	\$43,809,614	60.5
2024	\$1,534,068	\$760,257	\$4,781,101	\$5,541,358	33.2	\$42,504,584	62.9
2025	\$1,608,198	\$777,208	\$4,974,095	\$5,751,303	33.1	\$40,908,692	65.4
2026	\$1,685,803	\$794,298	\$4,792,559	\$5,586,857	30.9	\$38,991,728	68.1
2027	\$1,767,044	\$811,512	\$4,984,261	\$5,795,773	30.8	\$37,111,602	70.6
2028	\$1,852,087	\$828,833	\$5,183,631	\$6,012,464	30.7	\$34,889,687	73.3
2029	\$1,941,106	\$846,241	\$5,390,977	\$6,237,218	30.7	\$32,291,651	76.1
2030	\$2,034,283	\$863,715	\$5,606,616	\$6,470,331	30.6	\$29,280,188	79.0
2031	\$2,131,809	\$881,233	\$5,830,880	\$6,712,113	30.5	\$25,814,773	82.1
2032	\$2,233,881	\$898,771	\$6,064,116	\$6,962,887	30.4	\$21,851,404	85.4
2033	\$2,340,709	\$916,302	\$6,306,680	\$7,222,982	30.4	\$17,342,313	88.8
2034	\$2,452,509	\$933,797	\$6,558,947	\$7,492,744	30.3	\$12,235,664	92.3
2035	\$2,569,508	\$951,225	\$6,821,305	\$7,772,530	30.2	\$6,475,223	96.1
2036	\$2,691,942	\$968,554	\$0	\$968,554	3.6	\$0	100.0
2037	\$2,820,060	\$985,747	\$0	\$985,747	3.5	\$0	100.0
2038	\$2,954,120	\$1,002,767	\$0	\$1,002,767	3.5	\$0	100.0
2039	\$3,094,393	\$1,019,570	\$0	\$1,019,570	3.4	\$0	100.0
2040	\$3,241,162	\$1,036,113	\$0	\$1,036,113	3.3	\$0	100.0
2041	\$3,394,720	\$1,052,348	\$0	\$1,052,348	3.2	\$0	100.0
2042	\$3,555,378	\$1,068,225	\$0	\$1,068,225	3.2	\$0	100.0
2043	\$3,697,593	\$1,110,954	\$0	\$1,110,954	3.2	\$0	100.0
2044	\$3,845,497	\$1,155,392	\$0	\$1,155,392	3.2	\$0	100.0
2045	\$3,999,317	\$1,201,608	\$0	\$1,201,608	3.2	\$0	100.0
2046	\$4,159,289	\$1,249,672	\$0	\$1,249,672	3.2	\$0	100.0
2047	\$4,325,661	\$1,299,659	\$0	\$1,299,659	3.2	\$0	100.0
2048	\$4,498,687	\$1,351,645	\$0	\$1,351,645	3.2	\$0	100.0
2049	\$4,678,635	\$1,405,711	\$0	\$1,405,711	3.2	\$0	100.0
2050	\$4,865,780	\$1,461,939	\$0	\$1,461,939	3.2	\$0	100.0
2051	\$5,060,412	\$1,520,417	\$0	\$1,520,417	3.2	\$0	100.0
2052	\$5,262,828	\$1,581,234	\$0	\$1,581,234	3.2	\$0	100.0